

Business Structure in Japan

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Providing Solutions That Harness the Comprehensive Strengths of One NEC through a Nationwide Sales Network

NEC's domestic sales network consists of 64 branch offices and sites nationwide. NEC's approach is to leverage all of the capabilities of One NEC, integrating the solution assets of each business unit and affiliated company and to present solutions for realizing

advanced social infrastructure utilizing ICT. We provide these solutions for a wide range of customers including telecom carriers, the government, governmental agencies, local governments, public institutions and the private sector.

Creating New Value by Cultivating Market Needs

NEC's domestic business accounts for about 80% of its total sales and underpins the business foundation of the entire Company. Nevertheless, the Mid-term Management Plan 2018 has established a forecast that domestic sales in the fiscal year ending March 2019 will remain largely unchanged from the current fiscal year. This is because existing businesses will decline in size due to a number of factors, including telecom carriers curtailing capital investment and passing the peak for firefighting emergency radio systems of local authorities, which had grown at a robust rate over the previous several years. However, NEC believes these market changes represent a business opportunity. Toward that end, we will focus on winning orders in fields including SDN, Big Data, cloud services, and cyber security, each being one of our areas of strength. We will also work to increase orders through well-timed efforts, including

business opportunities arising from usage of the My Number System in the private sector and preparing for the increase in in-bound visitors and infrastructure development in the run up to the year 2020. At the same time, we will accelerate new business creation for markets where strong growth is anticipated given the future expansion of IoT, such as smart factories and others, using these new businesses as drivers for the growth of the entire company.

Cooperation between sales partners is another key point that sustains our business in Japan. In addition to our conventional hardware, we will provide competitive, high-value-added products and services in new domains, such as Cloud and SDN, among others, expanding sales of both. We will also work together with sales partners to co-create new value, such as through solutions embedded within customers' products.

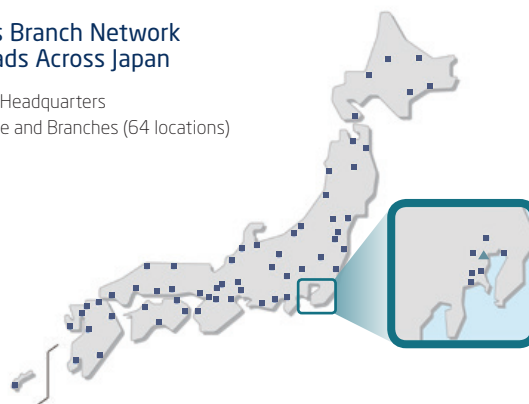
Enhancing Sales Capabilities to Solve the Essential Issues Customers Face

NEC will quickly respond to market changes and is developing the frontline capabilities of employees to think and act on their own in order to contribute even more to customers in these new fields. We aim to create new value to tackle essential issues that society and customers face. To this end, we carefully examine customers' business issues, and connecting these with our technology assets in creating new value for the customers. We are transforming the way our sales force thinks and investing in the development of each sales force in improving multi-faceted analytical capabilities on market environments and customer challenges and in having extensive knowledge on leading edge technologies and solution assets in the company.

Going forward, domestic business teams will work on creating new social value as a point of customer contact in the field, and contributing to the development of a society in which people can live more prosperous lives.

NEC's Branch Network Spreads Across Japan

▲ NEC Headquarters
■ Office and Branches (64 locations)



For further details about NEC branch offices and their locations, please visit the following URL:

 <http://jpn.nec.com/profile/branch.html> (Japanese only)